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SUBJECT: DEMARCHE TO UNFPA ON 6TH CHINA COUNTRY PROGRAM

REPORTS

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- 11. ECON Minister-Counselor Hagen met May 14 with UNFPA Executive Director Thoraya Obaid, her deputy Mari Simonen, and Asia-Pacific Deputy Director Neelakanthi Jayaratnam. In response to the demarche in reftel, Obaid said UNFPA's Executive Board would discuss the issue of access to audits at its June 16-27 meeting in Geneva. The Chief Executives Board had recommended last October that the UN funds and programs grant access to audits if so authorized by their executive boards. She would do so, she said, but she did not feel she could take this step in advance of the Board's decision. She was aware that UNDP had given the USG access to audits of its DPRK country program, but she called this the personal decision of the UNDP Administrator. If the Board agreed in June that access to audits should be granted, said Obaid, UNFPA could move quickly to give the USG access to the audits concerning its China country program.
- 12. Obaid wondered whether the audits to which the USG seeks access would provide the information needed to satisfy the provisions of the Kemp-Kasten Amendment. She said these audits deal mostly with internal management details. Hagen said the USG's request includes access to audit reports and monitoring records prepared by UNFPA or other organizations acting at its request, including those concerning the activities of Marie Stopes International. He also described the six-month deadline in the Amendment and the need for evidence to support the Department's determination.
- 13. Hagen asked if UNFPA is involved in the relief effort for victims of the earthquake in China, and Jayaratnam confirmed that the Fund is supplying kits for safe delivery of babies in the areas affected by the disaster.

 Khalilzad